



## **TANKERSLEY PARISH COUNCIL INTERNAL AUDIT FOR THE FINANCIAL YEAR 2022/23**

### **Background and Introduction**

All town and parish councils are required by statute to make arrangements for an independent internal audit and for the conclusions to be reported each year in the Annual Governance and Accountability Return (AGAR). The Village Council has requested that Faye Hazlehurst t/a FH Accountancy Services provides this service, based on a letter of engagement agreed and signed by the Council. The audit is not designed to identify all significant weaknesses in the Council's systems but, if such weaknesses come to my notice during the course of the examination, which I think should be brought to your attention; I shall report them to you.

The responsibility for the prevention and detection of fraud, error and non-compliance with law or regulations rests with the Council. The audit should not be relied upon to disclose all material misstatements or frauds, errors or instances of non-compliance as might exist.

Faye Hazlehurst is a member of the Internal Audit Forum – an association of Internal Auditors for local councils which seeks to promote high quality internal audit.

### **Independence**

It is important that the auditor is independent of the Council and has no conflict of interest, in order that a truly professional audit is performed. I am not aware of any relationships that might constitute a threat to my independence.

### **Internal Audit Approach**

In accordance with the 'Accountability and Governance, Practitioners' Guide, March 2023', my work plan consisted of an investigation to review whether the systems of financial and other controls over the Council's activities and operating procedures are effective. Areas covered by the testing included;

- **Bookkeeping**
- **Due process**
- **Risk management arrangements**
- **Budgetary controls**
- **Payroll control**
- **Asset control**
- **Petty cash**
- **Bank reconciliation**
- **Year-end procedures**
- **Miscellaneous**



## **Findings**

The council appears to have had a challenging year with numerous complaints from an individual parishioner made against Councillors and the Clerk. Further details can be found under the Risk Assessment area of this report.

I am pleased to note that the majority of the recommendations from the 21/22 internal audit have now been implemented. The areas still outstanding are listed in this report.

The internal audit was carried out off site, after a face to face meeting with the Clerk. All records were provided in hard format and any queries were resolved electronically. Detailed internal control testing was carried out and findings presented in this report, any audit recommendations have been agreed with the Clerk/RFO.

The following recommendations/points for the year ending 31 March 2023 should be addressed:

### **Proper Bookkeeping**

The cashbook was maintained, arithmetically correct and up to date. VAT is reclaimed at least annually throughout the year, the reclaim for 2022-23 took place after the year-end. S137 expenditure – ensure minuted amounts are S137 expenditure.

### **Due Process**

Financial regulations and standing orders have been reviewed during the year, I am pleased to note the council have now adopted Equality and Diversity policies. The council reviews direct debits annually, to improve financial controls further the council would benefit from dual authority on banking. Payments are approved either in advance or retrospectively.

### **Risk Assessment Arrangements**

The council has had a number of complaints throughout the year, these have been made against the Clerk and Councillors and appear to be from one particular parishioner, the council has acted appropriately and investigated the complaints which have been unfounded. Barnsley Metropolitan Borough Council have issued a cease and desist letter to the resident.

An annual risk assessment was carried out in September 2022 and quarterly risk assessments are provided to council. An annual insurance review took place during the year, insurance levels are appropriate for the size of the council. It is recommended that the asset register contains details of insurance valuations for all assets to ensure sufficient insurance cover is in place.

The council does not have a specific internal financial control policy in place other than its Financial Regulations. Internal controls should be documented and reviewed annually by the council.



### **Budgetary controls**

Levels of reserves should be between 3 and 12 months of running costs, the council holds only general reserves and these are in excess of 12 months reserves, the council should consider earmarking reserves for future plans/maintenance.

### **Payroll controls**

There is still no contract of employment in place for the Clerk. The Clerk has now left the role and the vacancy is in the process of being filled. Council should ensure a contract of employment is issued within 2 months.

### **Asset control**

The council maintains an asset register, this has been reviewed and approved, the asset register also contains a list of additions and disposals during the year. The asset register shows purchase cost, I recommend where possible to include a section showing the insurance/replacement cost.

### **Petty Cash**

The council does not hold petty cash.

### **Bank reconciliation**

Bank reconciliations were carried out regularly and presented monthly to council and signed by a member of the authority, the bank mandate was up to date and there were no unexplained balancing entries on the reconciliation.

### **Year-end**

The accounts were prepared on the correct basis, all items selected for sampling other than one were evidenced.

### **Miscellaneous**

The council failed to make proper provision for the public inspection of councils records as it failed to issue one clear days' notice between the date of the announcement and the commencement date of public rights.

The council has declared itself exempt from external audit for the year 2023, therefore it must comply with the transparency code for smaller authorities. The following items must be available on the Council's website:

- All items of expenditure above £100
- Year-end accounts
- Annual governance statements



- Internal audit report
- List of councillors and responsibilities
- Asset register
- Minutes, agenda and meeting papers of formal meetings.

At the time of the internal audit there were no details (other than the Chairperson) available on the Council's website (previous councillors details were removed after the local elections at their request), this was due to timings of the internal audit, the resignation of the Clerk and the annual meeting having to be delayed as the council were not quorate. The annual meeting took place on 22 May 2023 with the internal audit being conducted at this time. The council should ensure all councillors details and responsibilities are uploaded onto the website as a matter of priority.

The council is still to implement a Freedom of Information policy.

### **Conclusion**

I am pleased to conclude and report that the Clerk has maintained a good standard of record keeping which has simplified the audit process. I have confidence that the figures lifted into the Statement of Accounts for the financial year ended 31st March 2023 are accurate.

All of the controls contained within the internal audit section of the AGAR were examined the following non-compliance was found.

- M. In the year covered by this AGAR, the authority correctly provided for a period for the exercise of public rights as required by the Accounts and Audit Regulations.

The Clerk has implemented the majority of the recommendations from 21/22, there are still some improvements to be made in areas highlighted in this report but I am confident that these can be implemented during the forthcoming year.

I would like to thank the Catherine for her assistance during the internal audit.

Faye Hazlehurst FMAAT  
Internal Auditor – 1 June 2023